

California State Assembly



Informational Hearing Agenda

Assembly Budget Subcommittee No. 4 on Climate Crisis, Resources, Energy, and Transportation

Assemblymember Steve Bennett, Chair

Thursday, May 15, 2025

Upon Adjournment of Session – State Capitol, Room 447

2025-26 May Revision Proposals

I. Overview of the Governor's May Revision Proposals on Transportation, Climate Change, Natural Resources, Environmental Protection, and Energy

- Andrew March, Assistant Program Budget Manager, Department of Finance
- Eamon Nalband, Assistant Program Budget Manager, Department of Finance
- Stephen Benson, Assistant Program Budget Manager, Department of Finance
- Rachel Ehlers, Deputy Legislative Analyst, Legislative Analyst's Office

II. Member Questions and Comments

III. Public Comment*

**Public Comment will be taken in person after the completion of all panels and any discussion from the Members of the Subcommittee. This hearing will conclude at 12:30 p.m. therefore, time for public comment may be limited. The Subcommittee will hold an additional hearing on May Revision proposals next week on Tuesday, May 20th where there will be additional time for public comment.*

Highlights

Cap and Trade

- Proposes to extend Cap and Trade through 2045 and renames the program to “Cap and Invest.” The proposal includes:
 - Extends the California Climate Credit that reduces utility bills;
 - Provides \$1 billion annually for High Speed Rail to enable private capital;
 - Shifts \$1.54 billion annually for CalFIRE from General Fund to Greenhouse Gas Reduction Fund (GGRF), with a General Fund backstop if GGRF revenues drop below projected revenues.
 - Cuts all prior continuous appropriations and discretionary spending from 2025-26 through 2028-29 which consists of:

Continuous Appropriations and Other Statutorily Required GGRF Appropriations

Program	Department	Appropriation Amount
High-speed rail project	HSRA	25 percent of annual revenues
Affordable Housing and Sustainable Communities Program	SGC	20 percent of annual revenues
TIRCP	CalSTA	10 percent of annual revenues
Low Carbon Transit Operations Program	Caltrans	5 percent of annual revenues
Healthy and resilient forest activities	CalFire	\$200 million
Safe and Affordable Drinking Water Program	SWRCB	5 percent of annual revenues (up to \$130 million)
Manufacturing tax credit	N/A	Roughly \$100-\$140 million
State Responsibility Area fee backfill	CalFire	Roughly \$70-\$90 million

GGRF = Greenhouse Gas Reduction Fund; HSRA = High-Speed Rail Authority; SGC = Strategic Growth Council; TIRCP = Transit and Intercity Rail Capital Program; CalSTA = California State Transportation Agency; Caltrans = California Department of Transportation; CalFire = California Department of Forestry and Fire Prevention; SWRCB = State Water Resources and Control Board; and N/A = not applicable.

Program	Dept.	2025-26	2026-27	2027-28	2028-29
Drinking water/wastewater projects (Water)	SWRCB	\$30	—	—	—
ZEV fueling infrastructure grants (ZEV)	CEC	—	—	\$99	—
Demand side grid support (Energy)	CEC	75	—	—	—
Fire prevention grants (Wildfire)	CalFire	—	—	42	—
Ocean protection activities (Coastal)	OPC	—	37	—	—
Equitable Building Decarbonization (Energy)	CEC	—	—	93	—
Long duration storage (Energy)	CEC	26	—	—	—
Livestock methane reduction (Agriculture)	CDFA	7	—	—	—
Climate Action Corps (Community Resilience)	LCI	9	9	9	—
ZEV programs (ZEV)	CEC	385	299	387	—
ZEV programs (ZEV)	CARB	215	301	213	—
Distributed Electricity Backup Assets (Energy)	CEC	200	180	—	—
Hydrogen grants (Energy)	CEC	34	—	—	—
Oroville pump storage (Energy)	DWR	30	100	100	—

Program	Dept.	2025-26	2026-27	2027-28	2028-29
Watershed climate resilience (Water)	WCB	15	—	—	—
Water recycling/groundwater cleanup (Water)	SWRCB	15	—	—	—
Tribal engagement (Wildfire)	CalFire	10	—	—	—
SWEEP (Water)	CDFA	—	21	—	—
Environmental justice grants (Community Resilience)	CalEPA	—	5	—	—
Unit fire prevention projects (Wildfire)	CalFire	—	—	26	—
Regional Forest and Fire Capacity (Wildfire)	DOC	—	—	20	—
Competitive and formula-based TIRCP	CalSTA	\$368	\$20	—	—
Vulnerable community toxic cleanup	DTSC	—	43	—	—
Diablo Canyon land conservation	Various	10	50	\$50	—
Clean Energy Reliability Investment Plan	CEC	50	150	50	\$650
Highways to Boulevards	Caltrans	25	50	—	—
Oil well plug/abandonment	DOC	—	50	—	—
AB 617—Community Air Protection	CARB	\$250	\$250	\$250	\$250
Zero Emission Transit Capital Program (SB 125)	CalSTA	—	230	460	—
Salton Sea activities	Various	3	—	—	—
Community renewable energy	CPUC	25	—	—	25
Totals		\$1,783	\$1,794	\$1,799	\$925

CAL FIRE

- Fund shifts \$1.54 billion in 2025-26 for CalFire operations from General Fund to Greenhouse Gas Reduction Fund (GGRF) on an ongoing basis; the proposal includes a General Fund backstop in the event that auction proceeds fall below projected revenues.
- Cuts \$31.5 million General Fund for the acquisition of property for a new CalFire training center.

Department of Water Resources

- Includes trailer bill language to streamline administrative processes for building the Delta Conveyance Project.

Department of Toxic Substances Control

- Fund shifts \$35 million General Fund to the Lead-Acid Battery Cleanup Fund for the cleanup of residential properties with lead contamination near the former Exide lead-acid battery recycling facility in Vernon, CA.

Governor's Office of Land Use and Climate Innovation

- Withdraws Governor's Budget Proposal to transfer the California Education Learning Lab from LCI to the California Government Operations Agency (GovOps) and instead eliminates the program over two years.

Energy

- Cuts \$33 million General Fund from the California Public Utilities Commission's Community Solar program. This funding was part of the \$1 billion Clean Energy Reliability Investment Plan (CERIP) commitment statutorily established via Senate Bill 846 (Dodd, Statutes of 2022). This reduces the commitment by a total of \$83 million as proposed. This cut is backfilled by federal funds.
- Cuts \$42.8 million General Fund for the Offshore Wind infrastructure program at the California Energy Commission. This is backfilled by the Proposition 4 Climate Bond.
- Appropriates \$3.7 million Public Utilities Commission Utilities Reimbursement Account (PUCURA) in 2025-26 and 2026-27 and \$2.9 million ongoing and 12 positions in 2027-28 to support compliance and enforcement of safety standard for large-scale, electric grid connected battery energy storage systems.
- Allocates \$1.9 million Energy Facility Licensing and Compliance Fund and 9 positions through 2028-29 to support the California Energy Commission's Opt-in clean energy and advanced manufacturing permitting program. Additionally, proposes statutory changes to project application fee structure.
- Extends the California Climate Credit bill subsidy provided by Cap and Trade.

High Speed Rail Authority

- Provides \$1 billion annually from Greenhouse Gas Reduction Fund to enable private capital, as part of Cap and Trade reauthorization.

Department of Motor Vehicles

- Appropriates \$53 million Motor Vehicle Account (MVA) one-time to complete the vehicle registration phase of the Digital experience Platform (DXP) project.

Department of Transportation (CalTrans)

- References leveraging and facilitating the acquisition of appropriate local or specialized resources for the 2026 World Cup with the California Governor's Office of Emergency Services (CalOES) and the Host Committee.
- Appropriates \$17.6 million one-time from the State Highway Account to support transportation project planning associated with the 2028 Olympic Games, including work on the Games Route Network project.

Attachments

Overview of the Governor's May Revision Proposals on Transportation, Climate Change, Natural Resources, Environmental Protection, and Energy

- Attachment 1: Department of Finance May Revision Fiscal Letter on Transportation
- Attachment 2: Department of Finance May Revision Fiscal Letter on Legislative, Judicial and Executive for Transportation Secretary, Environmental Protection Secretary, and Natural Resources Secretary
- Attachment 3: Department of Finance May Revision Fiscal Letter on California Natural Resources Agency
- Attachment 4: Department of Finance May Revision Fiscal Letter on California Environmental Protection Agency
- Attachment 5: Department of Finance May Revision Fiscal Letter on General Government for the Public Utilities Commission and the Department of Food and Agriculture
- Attachment 6: Department of Finance May Revision Fiscal Letter on Cap and Invest.

This agenda and other publications are available on the Assembly Budget Committee's website at: [Sub 4 Hearing Agendas | California State Assembly](#). You may contact the Committee at (916) 319-2099. This agenda was prepared by Shy Forbes and Christine Miyashiro.